current interpretation of the Buy American Act have forced this company to [illegible] from foreign [illegible] competition from American producers [illegible] in support of American wage [illegible] enterprise, and to [illegible] the letter, spirit and intent of the Buy American Act. It is clear that [illegible] of the Buy American Act are forcing American producers to [illegible] components and materials from foreign [illegible] in order to compete for sales [illegible] Federal Government, under a [illegible] in the case instance [illegible] that Government so limit its purchase [illegible] to those produced in the United States [illegible] supplier also produced in [illegible] under the Buy American [illegible] that the contract for hydraulic [illegible] for the Big Bend [illegible] in the $139,012, be awarded to the American bidder [illegible] report the foreign bid in this instance [illegible] which will shatter the [illegible] American [illegible]

Very [illegible]

[illegible]

Member of Congress

Record of the Committee on Post Office and Civil Service During the 1st Session of the 86th Congress

EXTENSION OF REMARKS

OF

HON. TOM MURRAY

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, September 14, 1959

Mr. MURRAY. Mr. Speaker, the House Post Office and Civil Service Committee in the 1st session of the 86th Congress has established a remarkable record of continuing progress with respect to Federal employee and postal legislation.

The committee record in behalf of Federal employees is especially noteworthy in the light of the major employee benefits [illegible] in the closing session of [illegible] Congress, including a 10-percent salary increase for over [illegible] postal employees and nearly 1 [illegible] of employees, a 10-percent annuity increase for [illegible] 90,000 survivors and [illegible] of fringe benefits. The additional fringe benefits granted in the present [illegible] are particularly gratifying when viewed against this background of [illegible] salary increases and other benefits [illegible] they will be added.

The record of the committee also is a [illegible] evidence, interest and the [illegible] every member of the Post Office and Civil Service Committee. [illegible] as chairman of the committee, I welcome this opportunity to express to each member my deep appreciation for a job well done. The members have been most loyal and conscientious in their attendance at committee meetings and in the close attention they have given to committee legislation and special studies. In my judgment we have never had a committee membership more able, more informed, and more devoted to carrying out our complex—and often controversial—responsibilities.

Thought that it will be helpful to all Members during the recess as a convenient reference to committee actions during the 1st session of the 86th Congress, [illegible] the Federal employees health benefits program (S. 2162) sent to the President by the House September 14, 1959, is one of the most beneficial employee measures approved in any recent Congress. There is no finer example of prompt and constructive legislative deliberations than demonstrated by our committee in making this extremely complex and controversial legislation and working out a bill that has the unanimous support of every committee member, the whole-hearted support of employees' organizations and of private enterprise that will provide the services and the administration. This legislation establishes a health program under which the Government will pay one-half of the cost of insurance for Federal employees and their dependents against the high, unbudgetable and financially burdensome costs of medical services. Employees will be able to purchase protection for varying costs from the oppressive expenses of normal medical care and often crushing expense of major catastrophic illness or injury. The program also improves the competitive position of the Government in the recruitment and retention of competent civilian personnel.

Addition of the health program to the existing fringe benefits package for Government employees—which already includes retirement and survivor annuities, group life insurance, annual and sick leave, pay for job-connected injury or death, uniform allowances, and other benefits—places the Government on a substantially equal level with progressive private enterprise in respect to employee fringe benefits.

Basic and extended health protection is made available to 2 million employees and their dependents—some 4.5 million individuals. There will be free choice among four insurance health plans, including a service benefits plan such as the Blue Cross-Blue Shield organizations offer; an indemnity plan such as now offered by certain insurance companies; any one of several Federal employee organization plans; and a comprehensive medical plan on either a group-practice or individual-service department basis. The plans will provide a wide range of hospital, surgical, medical, and related benefits. Both the service and the indemnity plans will include at least two levels of benefits. Thus, each employee will be able to select the plan best suited to his own needs.

The Government's contribution generally is 50 percent of the cost, but not less than $1.25 or more than $1.75 biweekly for an individual employee and not less than $3 or more than $4.25 biweekly for an employee and family, subject to certain special exceptions. Employees need not pass any physical examination and, in the event of separation from Government service, have continuing [illegible] without physical examination. No person may be excluded because of age, sex, health status, or—at time of first opportunity to enroll—age.

This legislation enriches the Federal employees' fringe benefits package by a minimum $322 million annual benefit program, with the Government and employees sharing the cost. It is a widely regarded among employees as the equivalent in value of another liberal pay increase, on top of the 10-percent increase granted just last year.

OBSERVANCE OF LEGAL HOLIDAYS

The committee developed and approved H.R. 5752, now on the President's desk, to correct inequities in the laws which deprive certain Federal employees of the right to a workday off when a holiday falls on Saturday, by making employee's day off in lieu of Saturday. The bill requires that every employee receive a workday off for each legal holiday, [illegible] the day of the week on which holiday may fall.

OVERSEA TEACHERS

Public Law 86-91 provides a [illegible] daily system of personnel administration for teachers in schools conducted by the Department of Defense for dependents of that Department's personnel in foreign areas which is comparable to the school systems in most public primary and secondary school jurisdictions in the United States. This legislation was developed through the Civil Service Subcommittee studies in cooperation with the Department of Defense and places in effect administrative recommendations. It is also a direct implementation of a unanimous committee recommendation contained in House Report No. 2109, 84th Congress.

This act eliminates serious problems in the compensation and employment conditions of oversea teachers which stem primarily from the fact that they have been employed under civil service laws and rules designed for full-time classified employees—not for the teaching profession. For example, although the school year lasts only 9 or 10 months, oversea teachers' salaries have been on an annual basis, as in the case of the usual classified employees, so that they were being paid only nine or ten twelfths of the annual salary. They have been subject, to the Annual and Sick Leave Act, which is entirely unsuitable in view of the school recess periods at Christmas and Easter and in the summer months. They have been receiving no pay or any of the usual oversea differentials and allowances during these recess periods.

Public Law 86-91 removes these teachers from the Classification Act of 1923, the Federal Employees Pay Act of 1919, the Annual and Sick Leave Act of 1951, and other unsuitable laws and regulations. They will have a separate salary and allowance system adapted to the requirements of the school program and consistent with that followed in the school system in the District of Columbia. No oversea teacher's salary will

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[illegible] the public in the District of Columbia school system.

This new law will contribute greatly to maintaining instructional and school living levels in schools for dependents of service personnel comparable to the levels which would be available were such personnel on duty in the United States.

OVERSEAS DIFFERENTIALS AND ALLOWANCES

Another important employee measure, developed by the committee through its Civil Service Subcommittee studies over the past several years, is contained in H.R. [illegible] passed by the House September [illegible], 1969. The bill will improve and [illegible] administration of overseas activities of the Government, establishing a coordinated and reasonably uniform system to compensate American citizens employed abroad by the Government for additional [illegible] hardships and [illegible] incident to their working and living abroad. There [illegible] be uniform [illegible] employees [illegible] the bill embodies the principle that Government should provide equitable treatment for its overseas employees in respect to the additional expenses they incur because of their assignments overseas and above expenses of Government employees in the United States and [illegible] recognizes and other differences in environmental conditions of employment [illegible] additional compensation [illegible].

The bill consolidates a wide variety of existing provisions of law granting allowances and differentials to the several categories of Federal employees in foreign areas. Provision is made for temporary lodging allowance after arrival at a new overseas post and before final departure from the post; [illegible] to make substandard quarters habitable; the inclusion [illegible] as a utility covered by quarters allowances; advance payment of quarters allowances; allowances for maintenance of dependents where a separate establishment is necessary for them at the post of duty; a post allowance to compensate for living costs [illegible] in Washington, D.C.; a [illegible] upon assignment to a foreign post or a post in the United States between foreign assignments; [illegible] of children—one round [illegible] United States and back—for [illegible] or college education; a hardship differential not exceeding 25 [illegible] pay for foreign conditions of employment warranting additional compensation; payment for [illegible] transporting to [illegible] and storing furniture [illegible] and personal effects of [illegible] foreign posts.

[illegible] of [illegible] and other senior officials [illegible] President [illegible] for [illegible] in the [illegible] [illegible] be stopped [illegible] years of [illegible] service.

[illegible] authorized for other employees who complete 24 months of continuous service abroad. In addition to the [illegible] annual leave. Authority to accumulate up to 45 days of annual leave now available to classified civilian employees abroad is extended to employees of agencies operating under the Foreign Service Act of [illegible] law. Existing income tax exemptions for foreign areas allowances but not post differentials are continued in effect for the foreign areas allowances contained in the bill.

The value of the additional employee benefits provided by this legislation is estimated at $4 million annually.

[illegible] EMPLOYEE BENEFITS

H.R. 4604, developed in a special committee study after adjournment of the 90th Congress and passed by the House [illegible] 14, 1969, will correct certain harsh [illegible] caused by Public Law 90-83 [illegible] prohibits [illegible] annuity [illegible] on an [illegible] basis [illegible] annual [illegible] committee [illegible] any one of [illegible] types of [illegible] as well as [illegible] increases. The committee bill corrects and strengthens the [illegible] provision against any Federal annuity or [illegible] pay in the case of an offense involving the national security of the United States but restores other annuities—including survivor benefits—previously denied because of comparatively minor offenses having no relationship whatever to the national security. In many instances the offenses were so trivial there was no penalty and the individual continued in, or returned to, work and rendered long and faithful service until retirement. In these cases, there was no doubt of the individuals' complete loyalty or any semblance of an offense against the national security.

EARLIER COMMENCEMENT DATES FOR RETIREMENT ANNUITIES

Under H.R. 8289, passed by the House September 14, civil service retirement annuities will commence the first day after separation from the service if immediate benefits are payable or, in the case of deferred benefits payable at a certain age, the first day after the prescribed age is reached. Benefits of surviving widows and children will begin the day after the death of the employee or annuitant on whose service they are based. Under present law, annuities and survivor benefits commence the first of the month following separation from the service or death, as the case may be. The bill is particularly helpful for widows and children, since their survivor benefits will become payable immediately after death of the employee or annuitant whereas under existing law the benefits are not payable for periods of as much as 30 days after death.

[illegible]

The committee approved three bills [illegible] for the establishment and scientific research positions necessary for the direction and conduct of vital defense functions and other essential Government [illegible].

S. 1618 authorizes pay adjustments for Patent Office Examiners in Chief and [illegible] present $12,770–$18,970 [illegible] minums of $17,500 and $ [illegible] tively; an increase from [illegible] the number of superg[illegible] $14,190 to $17,500—with [illegible] partment and a net increase [illegible] supergrade positions available [illegible] Civil Service Commission for [illegible] to other departments and [illegible] against a considerable [illegible] quests—of which 20 are [illegible] the Department of Health, Education and Welfare, 4 for the Bu[illegible] 3 for the Immigration and Naturalization Service, 1 for the Department of Labor, 15 for the Small Business Administration, and 1 for the U.S. Court of Military Appeals; upon [illegible] these departments and [illegible] of executive positions in [illegible] laws. Commissioner of Social [illegible] from $17,500 to $20,000 [illegible] Commissioner and Chief Counsel, Internal Revenue Service, [illegible] Assistant Attorney General, [illegible] administrative Assistant Secretary, Agriculture, Labor, and Treasury, $17,500 to $19,000. The Administrator, Agricultural Research Service, [illegible] paid $17,500 under the General Schedule Pay Act, is transferred to the [illegible] scientific research positions [illegible] the bill. The Departments of Agriculture and Health, Education, and Welfare, respectively, are given [illegible] additional scientific research positions in the salary range $12,000 to $[illegible]

Public Law 86-36 removes National Security Agency personnel from the Classification Act since the Agency's security functions make it impossible for the Civil Service Commission to [illegible] position classification and duty [illegible] establishes the 50 existing Agency scientific research positions under its new act, and authorizes the Agency director to fix salaries of other [illegible] as justified by levels of responsibilities in relation to Classification Act salaries, with not more than 50 supergrade positions in the $14,190–$17,500 range.

H.R. 6059 increases from 20[illegible] to 72[illegible] the number of supergrade [illegible] salary range $14,190–$17,500—[illegible] 250 to 450 the number of scientific research positions—salary range $[illegible]–$19,000—in the Defense Department to perform necessary duties resulting from the greatly increased complexity and tempo of our defense efforts.

POSTAL LEGISLATION

[illegible]

Unanimous House approval [illegible] H.R. 7370 completed one of the [illegible] interest actions ever [illegible] brought to fruition by a [illegible] committee [illegible] the House [illegible] gress. The bill was [illegible] the hand of the President [illegible]

[illegible] from U.S. mail [illegible] so repulsive [illegible] against the individual [illegible] service.

This legislation [illegible] between the strong [illegible] check procedure [illegible] for [illegible]

[illegible] at the veritable floo of vile mail [illegible] that is bombarding homes, schools, children, men, and women throughout the Nation.

The bill also is a tribute to the unflagging zeal and the two-fisted attack of our Postal Operations Subcommittee on the insidious traffic in writings, pictures, movies, and the like—now flowing through all avenues of commerce—which has become a public scandal. The subcommittee, under the able chairmanship of the distinguished gentlewoman from Pennsylvania, Representative KATHRYN E. GRANAHAN, has developed and placed in effect a two-phase campaign to protect the public, as explained in the later discussion of the subcommittee studies.

H.R. 7379 makes two important changes in the law. It extends from 20 days to 45 days the time in which the Postmaster General may detain mail addressed to any individual or firm which he finds sending obscene or fraudulent matter through the mails. The existing 20-day period is entirely inadequate. Usually way to the purveyors of filth is cut off the instant now from their adventures, and will be done under the bill. The second change authorizes detention of mail when "the public interest" is affected due to the obscene or fraudulent nature of the matter giving rise to the detention order. In lieu of the existing authority to detain mail when necessary "for enforcement" of the statutes excluding obscenity from the mails. This "public interest" standard is a tried and proved one under which temporary bans for the enforcement of other public protection laws, such as the Securities and Exchange Act, have been carried out successfully in the public interest.

POSTAGE RATES ON BOOKS AND LIBRARY BOOKS

H.R. 4595, pending in the Senate, revises and clarifies postage rate provisions under which books, library books, and related materials are mailed at special low rates. Either the third- or fourth-class rate or the book rate, which-ever is cheaper, will apply to mailings of books and certain other educational matter. The book rates are extended to "sound recordings" in lieu of the existing provisions for phonograph records. Phonograph records may be mailed at the book rates in either bound or unbound form. Guides or scripts may be mailed at the book rate. Certain ambiguous language is removed from the book and the library rate postal rate provisions.

MINIMUM CHARGE FOR THIRD-CLASS MAILINGS OF ONE OUNCE AND SMALLER

Public Law [illegible] revises the minimum charge for third-class mail of one ounce or less from 6 cents to 3½ cents. This revision eliminates serious hardships imposed by the 6-cent rate on charitable organizations, nurseries, and other small businesses and also removes difficult operating problems arising in the Postal Establishment because of the 6-cent charge.

OTHER LEGISLATION

H.R. 163, sent to the White House September 9, credits service—for retirement purposes—of U.S. commissioners, who are compensated by fees, on the same basis used to credit such service compensated by fees.

H.R. 8241 eliminates certain inequities which have operated to deprive former Members of Congress reemployed in appointive positions of their earned retirement annuities. Conditions affecting reemployment of former Members of Congress are placed on substantially the same basis now provided by law for other retired Government employees.

H.R. 6836, pending in the Senate, clarifies the law relating to sworn statements by publishers having second-class mail permits and extends to magazines the requirement—now applied to most newspapers—that the sworn statements show average number of copies of each issue sold or distributed to paid subscribers. The publishers support the bill, which will facilitate postal operations.

H.R. 5571, pending in the Senate, makes career postal employees with 4 years of service eligible for postmaster slips at their offices, if otherwise qualified, even though they never occupied the post or the office delivery slots.

Public Law 86-169 authorizes credit to postal revenues of commissions on telephones in post offices, amounts received by employees for expenses, fees, travel expenses, and subsistence when subpenaed to appear officially in private litigation; and collections for losses of first-class registered matter not restored to the original owner.

Public Law 86-33 facilitates the training of postmasters by specifically authorizing such training under the Government Employees Training Act—Public Law 85-507.

Public Law 86-122 eliminates from Government salary laws an obsolete provision which is contradictory to existing budget and appropriation procedures. The provision eliminated purported to authorize salary costs, incurred in part in one fiscal year and in part in the following fiscal year, to be charged to the following year appropriations.

SPECIAL STUDIES AND INVESTIGATIONS

MANPOWER UTILIZATION SUBCOMMITTEE

The Subcommittee on Manpower Utilization has continued its study, begun in the 85th Congress, of the contracting out of Government responsibilities for administrative and management services, especially in the research and development of guided missiles. A preliminary report issued by the subcommittee in April points out several improvements made by the departments and agencies since the subcommittee began its investigation in November 1957. For example, the report shows that a recent Navy reorganization has corrected overlapping and duplication found within the Department of the Navy missile program at the time of the initial investigation.

Subcommittee hearings last December pointed up areas of possible conflict of interest in the Air Force ballistic missile program. The Secretary of the Air Force subsequently issued policy statements setting forth guidelines for research and development contractors dealing with hardware-producing contractors.

Among several other needed improvements, Department of Defense policies and practices of military officers have been revised so as to be more flexible and thereby reduce personnel turnover. Turnover in several key job areas in the military departments having primary responsibility for missiles was found by the subcommittee to be excessive.

As a continuation of the subcommittee's analysis of the missile program, the subcommittee chairman on February [illegible] requested the General Accounting Office to conduct an investigation and furnish answers to several basic questions raised by the subcommittee in its study of the utilization of scientists and engineers in the missile programs of the Defense Department. Close liaison has been maintained with the General Accounting Office in the development of this information, and, when it is received, the subcommittee plans to issue a final report on the utilization of manpower in the missile programs.

Public hearings were held in February extending the scope of the study and supplementing the preliminary report on the utilization of manpower in the missile program. The hearings, which resulted in House Report 868, 86th Congress, related primarily to the Government's policy of contracting out the training of military personnel.

This report indicates a policy trend in the field of Government contracting which if uncorrected may will lead to avoidance of primary responsibility imposed on Government departments and agencies. The growing habit of responsible Federal officials to fall back on the contracting device whenever faced with a difficult or unpleasant task is a tacit departure from fundamental principles relating to the performance of duties and responsibilities of our Government. This tends to create waste and extravagance and undermines the morale of the career Government employees.

The report recommends that the Defense Department operate its own training program for personnel assigned to military assistance and advisory duties and reappraise its policies relating to contracting for management of personnel services and for the performance of functions historically performed by the Department.

Working with representatives of the Department of Defense, several civilian departments, and the General Accounting Office, the subcommittee developed a new procedure, in the form of a manpower questionnaire, for determining employment trends and for evaluating manpower programs and policies at local field activities. The General Accounting Office will use the manpower questionnaire in the course of its regular audits of the activities. This manpower questionnaire should provide consumers basic information that previously has been lost through editorial processes in the chain of command. Currently the manpower audit is being conducted by the General Accounting Office in three military installations and two civilian field activities.

During July the subcommittee held public hearings as a further continuation

of the investigation of [illegible] of Federal employees of the Government policies on the contracting out of functions historically performed by the Government. Representatives of the General Services Administration, the Office of Civil and Defense Mobilization, and the International Cooperation Administration appeared and testified. As a result of these hearings the subcommittee set for further consideration certain matters such as the Government policy of contracting out essential services, the Department of Defense practice of allowing defense contractors to inspect their own work, and the allowances and benefits currently being paid personnel sent overseas by the International Cooperation Administration.

The subcommittee has increasingly noted the tendency in the executive branch to administer programs by contracts, often with outside consultants to provide [illegible] data [illegible] Government [illegible] Defense [illegible] assisted to [illegible] information [illegible] committees including [illegible] committees [illegible] committees, and [illegible] degree of overlap and duplication of these committees with other organizations in such departments. The material in this November [illegible] 1955.

The subcommittee program for the recess period includes the following:

First. An study of new grade GS-16 positions created in the past year, as a follow-up on House Report 2708, 84th Congress, entitled "Legislative Control of Federal Positions and Salaries," which showed that in recent years the entire Classification Act compensation structure has been rewritten and revised upward by administrative action.

Second. Hearings in the late fall, in accordance with past subcommittee policy, at which the military departments, other selected departments and agencies, the Bureau of the Budget, and the Civil Service Commission will report on progress in improved manpower utilization. Among other matters for these hearings the Department of Defense has been asked to collect information regarding the use by the military departments of U.S. citizens employed overseas. The information will include the number of employees by major geographic areas, by [illegible] performed, and the benefits and allowances authorized for these employees.

Third. Complete reviews of the results of the General Accounting Office use of the manpower questionnaire referred to above. It is expected that these reviews not only will point up local personnel and management problems at the activity level but also will indicate broader manpower areas of interest for the consideration of top management in the departments.

POSTAL OPERATION SUBCOMMITTEE

The Postal Operations Subcommittee devoted primary attention, during the first session of the 86th Congress, to the growing problem of use of the U.S. mails for the dissemination of obscenity and pornography.

The subcommittee conducted an intensive study directed toward corrective measures and held a number of hearings and conferences to obtain necessary information and recommendations from responsible authorities and from leaders at all governmental levels and in private life.

The subcommittee study and hearings have demonstrated that the circulation of obscenity and pornography, and its effect on the youth of America, by no means are confined to material moving through the mails. Lewd and lascivious writings, movies, photographs, pictorial representations, and other unfit matter finds its way into the hands of men, women, and children indiscriminately from every conceivable source. Although the subcommittee's basic jurisdiction relates to the postal service, there is an equally compelling need to keep this filth off the unfold [illegible] of [illegible] stations, [illegible] other [illegible] to [illegible] acceptability in these [illegible] sales [illegible] naturally seems [illegible] to indicate the [illegible] and thereby [illegible] a false [illegible] in their [illegible] of the [illegible] moral standards of our society.

The truth of the matter is that young people in every city, town, and hamlet are being literally bombarded from all sides with a large portrayal of sex that cannot help but weaken the moral fiber of the future leaders of our nation. Not does the damage end there. We have positive proof of a direct and very dangerous connection between the reading and viewing of sordid literature and pictures and the frightening increase in juvenile crime and misbehavior.

Use of the U.S. mails is part of what appears to be a master plan for the wholesale promotion and conduct of commerce for profit in obscenity and pornography. The problem has reached such serious proportions as to be of grave concern to every decent man and woman in America. This traffic in vileness is all the more vicious because its product is being aimed more and more to the young people and children—those known by the purveyors of filth to be the most susceptible and, therefore, the most likely source of easy income.

Thousands of fathers, mothers, teachers, ministers, priests, and laymen have asked intervention by the Congress to put a stop to unbridled dealing in smut. Many conscientious citizens have written to the subcommittee and to individual Members of Congress indicating their extreme concern and inquiring as to how they might unite with other right-thinking people in their communities to combat this menace to our society. The subcommittee plans to work in cooperation with these volunteers and with organized governmental, community, and civic groups which share our objective. The subcommittee report entitled "Obscene Matter Sent Through the Mail," containing findings and recommendations as well as a suggested program for community action, will be issued in the near future. The report is intended, and should serve, to bring the full power of public indignation to bear [illegible] and to encourage community [illegible] civic groups to take effective [illegible] against the unscrupulous [illegible] thoughtless people who deal for [illegible] in filth and smut with no thought [illegible] public welfare.

The subcommittee held public hearings in Washington during April [illegible] May [illegible] receive the testimony of [illegible] Postmaster General and other officials regarding the problem [illegible] forcing existing law which declares [illegible] scene matter to be nonmailable. [illegible] porting testimony was received from [illegible] legislative chairman of the [illegible] Commission for Decent Publications, president of the National Council of Catholic Men, the executive secretary of the Board of Christian Social [illegible] American Lutheran Church, the [illegible] tary of public affairs of the National Association of Evangelicals, the [illegible] Legislation, General Federation of [illegible] Women's Clubs, and other leading [illegible] Further valuable information was [illegible] volunteered at hearings held in Philadelphia, during July, where the subcommittee was privileged to receive the testimony of a great American authority on the subject, Hon. Michael A. Musmanno, justice of the Supreme Court of Pennsylvania, the U.S. district attorney, the chief justice of the Municipal Court of Philadelphia, the executive director of the Youth Study Center of Philadelphia, and many other leading authorities and civic leaders.

On the basis of the results of the study and hearings, the subcommittee reported the bill, H.R. 7270, to strengthen the law which declares obscene material nonmailable and to make it a more useful and effective instrument for the protection of the public. This bill, which has passed the House unanimously, is discussed more fully above.

CIVIL SERVICE SUBCOMMITTEE

The 1st session of the 86th Congress was highlighted by virtual completion of the Civil Service Subcommittee program instituted in the 84th Congress, to improve and strengthen civilian personnel administration in the overseas activities of the Government. The subcommittee report, unanimously approved by the Post Office and Civil Service Committee and printed as House Report 2108, 84th Congress, contains a broad range of major recommendations relating to employment and working conditions of U.S. citizens employed by the Government abroad. These recommendations dealt with four primary areas wherein corrective measures were found desirable as a result of a number of hearings and conferences held by the subcommittee in eight foreign nations in which the majority of Americans employed overseas are assigned to duty.

The first such primary area of recommendation—that the competitive civil service be extended to American citizens employed overseas—was placed in effect by executive action in the 84th Congress in accordance with the subcommittee recommendation.

The second, for the establishment of an effective and suitable compensation and employment system for teachers and

[illegible] in schools conducted by the Department of Defense [illegible] Department's overseas personnel was placed in effect by Public Law [illegible] discussed earlier. This act provides an up-to-date school system for [illegible] teachers and other school personnel along the lines of the District of Columbia primary and secondary school system, and is expected to greatly facilitate and improve overseas school activities while at the same time reducing personnel turnover and recruitment problems to a minimum.

[illegible] for clarification and coordination of the then widely varied policies [illegible] allowances and differentials for the several categories of overseas employees of the Government, is embodied in H.R. 1768, approved by the House September 8, 1959, as noted earlier. This bill will improve the operation of critical defense and other overseas activities of the Government through the establishment of a coordinated and reasonably uniform system of compensation for American civilians for work expenses and for hardships and inconveniences incident to their overseas assignments.

The fourth primary area of recommendation for the establishment of a badly needed medical and health program for American citizens employed by the Government abroad, is embodied in H.R. [illegible] and several companion bills on which hearings were completed during the 1st session of the 86th Congress. If we this bill, like the other committee recommendations, is approved by the administration, early action is expected in the second session to place the proposed medical and health program for overseas employees in effect so that these employees will have appropriate medical services and facilities on a reasonable uniform basis.

The subcommittee report and recommendations were highly commended in [illegible] the White House, in these words:

[illegible] to say that this was an [illegible] report, carefully prepared and re[illegible] comprehensive review of the facts, [illegible] overseas hearings and in the [illegible]. I believe that the liaison between [illegible] office and both my White House [illegible] and the Civil Service Commission has [illegible] of cooperative effort between [illegible] and executive branches of [illegible] in developing sound legislation [illegible] civil personnel administration.

STATISTICS AND GOVERNMENT STATISTICS SUBCOMMITTEE

[illegible] subcommittee on Census and [illegible] Statistics held hearings [illegible] the 1960 census and the new [illegible] developed by the Bureau of [illegible] to utilize modern, high-speed [illegible] data-processing equipment to [illegible] faster publication of the 1960 [illegible] statistics at lower cost. It is [illegible] that the bulk of the reports will be issued at dates 12 to 18 months [illegible] those corresponding reports 10 [illegible] earlier.

[illegible] Director of the Census Bureau [illegible] an auxiliary electronic device [illegible] FOSDIC, standing for the initial letters of film optical sensing device [illegible] to computers. This piece of [illegible] will be used to microfilm [illegible] questionnaires, read the positioned marks entered by the enumerators, and transcribe the information to tape in the form of magnetic spots, ready to be read by the electronic computer. The FOSDIC tape will then be placed in the electronic computer, where the results will be reviewed, tabulated, and finally transferred to other tapes for use on high-speed printing equipment.

Hearings were also held on the use of electronic data-processing equipment in other Government departments and agencies. The subcommittee hearings disclosed that there will be an increase of more than 300 percent in the number of Government employees engaged in office automation in the next 4 years. The present 4,000 employees engaged directly in the use of electronic data-processing equipment will increase to 13,000 by 1965.

Officials of the Bureau of the Budget and the General Accounting Office testified that they saw no danger that the growing trend to office automation will mean large-scale layoffs for Federal workers who have no experience or training in automation. They indicated that more often office automation has been adopted as a matter of necessity in order to get tasks done that could not be accomplished otherwise, rather than to get current work done by fewer employees.

It is contemplated that public hearings will be held at a later date, at which time representatives of business and leaders of industry and labor will be given the opportunity to testify with respect to the impact of Government reporting requirements. The subcommittee's approach to this inquiry will be with a view to reducing the cost to Government of obtaining and processing information and minimizing the burden upon business enterprises and the general public.

Representatives of the Bureau of the Budget, Bureau of the Census, and other Government agencies will be called upon to explain the part their agency plays in the Government's statistics operation.

It is also contemplated that further hearings will be held regarding the use of electronic data-processing equipment by Government departments and agencies. Inquiry will be made as to the position taken by the Bureau of the Budget on the findings and recommendations developed for the Bureau by the private management firm in its study of personnel problems of the U.S. Government in the adoption and use of electronic data-processing systems.

The subcommittee undertook a study of all statistical activities in the Federal Government. Inquiry is being made as to how many different agencies are asking the same people for identical or similar information. Information will also be developed to indicate the number and types of reports that businesses are required to submit to the various Government agencies.

Special attention will be given to eliminating outdated reports which may at one time have served a useful purpose but which are no longer of use. The study will include development [illegible] and the cost involved, of all departments and agencies in the collection, compilation, preparation, and publication [illegible] other reporting of statistical data. The study will include not only those statistical activities which the department or agency conducts directly, but also those conducted by firms or organizations outside the Government under contract or other arrangements.

The Federal statistical system is distinguished by decentralization and complexity. Although the Bureau of the Census is a large, well-equipped organization with a variety of statistical functions, it has by no means a monopoly on data collection and compilation. Over 60 bureaus, services, commissions, administrations, boards, and other agencies have important statistical functions. In addition, other agencies, while not considering their activities as statistics, collect or compile data for administrative, regulatory, or operating purposes. In keeping with the public burden of Government reporting requirements upon business must recognize that a middle ground is to be sought. It must be conceded that the Government and the public, including business itself, need detailed and timely statistical information and that at least some of it can be collected efficiently only by the Federal Government. However, unremitting attention must be devoted to limiting the burden to the least amount consistent with the needs and benefits. In this connection the subcommittee is in the process of drafting a report entitled, "Business Reporting Requirements of the Federal Government."

A Year of Progress

EXTENSION OF REMARKS

OF

HON. THOMAS J. LANE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 14, 1959

Mr. LANE. Mr. Speaker, under leave to extend my remarks in the RECORD I wish to include a very interesting editorial which appeared in a recent issue of the National News, official newspaper of the Veterans of World War I of the U.S.A., Inc.:

A YEAR OF PROGRESS

The official year for National Commander Fred J. Hollenbeck, of the Veterans of World War I comes to an end in Springfield, Ill., next week. During the 12 months that elapsed since the national convention in Springfield, Ill., last year, the organization has taken on new stature.

As of August 31, the membership of the Veterans of World War I stood at 144,[illegible], a gain of nearly 30,000 members. During the same period of time, the number of posts amounted to 1,972, an increase of 51 over the 1958 total. Three new departments were instituted bringing to 48 the State departments now functioning.

True, the group did not fare too well on the legislative front. The passage of [illegible] 7050 was strenuously opposed by the [illegible]

was of World War I. But in this instance, the cards were stacked against [illegible] from the very beginning. The measure was rammed through the House of Representatives under a special rule which virtually cut off debate. When the bill came to the Senate, only Senator WAYNE MORSE of Oregon, put up a determined fight against the proposal. He could enlist but 13 other senators to go along with his amendment which would have granted veterans of World War I a pension of $20 per month at age 65, subject to income limitations.

This action points up most effectively the dramatic need for additional members. Only by increased membership can the veterans of World War I impress the Congress on matters of legislation. An auspicious start has been made by Commander Hollenbeck and his national Chief of Staff M. George Deutsch, ably assisted by other national officers and the entire membership of the group.

Many persons skilled in organization work feel that what is needed is a professional organizer who can go out at the barracks level and stimulate a grassroots recruiting drive. An activity of this nature costs money but if successful, would return bountiful benefits for the cost of the promotion. Undoubtedly, a project of proposals will be offered at the Louisville meeting and will be considered seriously by the delegates to the convention.

Congratulations to the national commander and his national officers for a banner year.

The Tight Money Policy—Who Loses and Who Gains

EXTENSION OF REMARKS

OF

HON. GEORGE M. RHODES

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 14, 1959

Mr. RHODES of Pennsylvania. Mr. Speaker, the Eisenhower administration's fiscal and debt management policies have been extremely costly to the American people. Tight money, high interest rate policies have picked the pocketbook of the average citizen and the small businessman and resulted in windfall profits to large banks and other financial interests. These administration policies have produced a topheavy economy, spurred inflation, curtailed our economic growth, and brought recession, unemployment, and unnecessary human suffering.

Under leave to extend my remarks, I include the following analysis of the losers and gainers from the administration's tight money policy, prepared by the National Farmers Union and appearing in their Washington newsletter for September 11, 1959:

THE TIGHT MONEY POLICY—WHO LOSES AND WHO GAINS

Congressional debate about raising interest rates on Government bonds is highlighting a critical economic policy which affects nearly everyone in the country. Farmers, who always need credit to carry on operations, have been hit directly by higher interest rates. They have also been hit indirectly, along with a great many other people.

And the administration's tight money policy is getting even tighter, not looser.

Here are the essential facts on this complicated subject. Some of the figures are so big that they are almost incomprehensible. [illegible] bore fit into the picture.

HOW DID IT ALL START?

Nine days after President Eisenhower took office, his Secretary of the Treasury offered Government securities at 2¾ or 2½ percent to replace the previous rate of 1¾ percent. This is how the Government regularly borrows money to meet expenses, but the increased rate added more than $30 million to the U.S. taxpayers' bill for repaying the public debt. It was to be followed by a series of many similar increases which have not yet stopped (although suspended for a while a few years ago).

Why was it done? The explanation was that higher interest rates would dampen the economy, preventing any further inflation.

WHO DIRECTED THE POLICY?

The new Secretary of the Treasury was George Humphrey, industrialist and financier. His new deputy, who handles monetary policy, was W. Randolph Burgess, who had been board chairman of National City Bank, one of New York's largest, and long an advocate of higher interest rates.

Tight money is now a definite part of the administration's policy and is supported also by the independent Federal Reserve Board, which can help any President hang interest rates low if it wants to.

WHAT WAS THE IMPACT?

As soon as Treasury borrowings started paying more in interest rates, other rates were naturally raised to make them equally attractive to investors. A vicious circle was created which still prevails, because the U.S. Treasury is the pacemaker.

In quick succession, rates were increased on private bank loans, farm price support loans, FHA loans to home buyers, GI housing loans, installment credit, municipal bonds and nearly everything involving an interest charge.

WHO BENEFITED?

Persons and institutions with money to lend received a windfall almost immediately because they could lend their money for a higher return.

The total benefits to banks, for instance were estimated by Seymour Harris, noted Harvard economist, to be $600 million a year from every ¼ percent the Treasury succeeded in raising interest rates and ultimately $1 billion a year by virtue of the general increase in total bank assets. (Nearly one-third of the public debt is loaned by commercial banks.)

This windfall was all the sweeter because it came at a time when bank profits were booming. U.S. bank income the year before (1952) reached a record high of more than $5 billion.

Net profits, after taxes, also hit a new high—$990 million, according to the Federal Deposit Insurance Corporation's official report. FDIC pointed out that the most striking earnings development was growth of income from loans (interest payments), which was 15 percent above the previous year and double what it had been 8 years before. This trend has continued.

WHO LOSES FROM TIGHT MONEY?

Anyone who is a debtor automatically loses from having to pay more for borrowed money—and some will have to continue to pay it for 25 years or so, even if rates on new loans go down. There are also other losers.

Taxpayers: This is the biggest group of losers.

In 1951, before the tight money policy, it cost taxpayers $5.5 billion every year to pay interest on the national public debt. Eisenhower estimates it will cost $8.8 billion in 1960—an increase of nearly one-half.

This is more than the entire cost of the Federal Government in any New Deal year before World War II.

Between now and the end of 1960, the Treasury will have to borrow about $100 billion (mostly to pay off maturing bonds which were issued at the old, much lower rates). Each boost of one-fourth of 1 percent would add $250 million to the cost of carrying the debt each year. In 20 years it would add up to $5 billion.

An increase of 1 percent on the $100 billion borrowing would add $1 billion a year, or $20 billion in 20 years, to taxpayers' burdens.

None of this increased cost gives the taxpayer any additional service. In that it eventually increases the cost of whatever other services he must buy.

Effect on other debts: The Federal debt is only about one-third of all debts in the country—State, local, business, consumer, etc. The rest of the debt in the United States—over $700 billion—is also affected.

The economy is paying $8 to $10 billion more this year for the use of money than it would have paid at 1952 rates, before the tight-money policy started.

About $100 billion of personal, corporate, State, and local debt will be negotiated between now and the end of 1960. An increase of only one-quarter of 1 percent on this will add $200 million to interest costs in the first year alone. A 1 percent increase would add $1 billion the first year. (This hits businessmen, particularly the smaller ones who cannot issue securities or sell stock to raise capital.)

It also hits community services by raising the cost of bonds for public improvements such as schools, highways, and so on.

Effect on individuals: Every person who has borrowed money since 1952 or does so in the near future has been hit personally by higher interest rates. This group includes:

Home buyers: Interest rates on FHA financed homes have been raised several times. In 1952, a $10,000 FHA loan at 4 percent for 25 years would cost a total of $15,840 to repay (including $5,840 interest). In 1958, the same loan—now cost 5¼ percent at most—will cost a total of $18,000 (of which $8,000 is interest).

This increased cost of $2,160 is roughly equivalent to one bedroom and a bath.

Corresponding increases have been covered on GI home loans and have taken place in private home financing.

Installment credit: About 60 percent of all auto and major household appliances are bought on installment credit, especially by low-income families, of course.

A mere one-half of 1 percent increase, for example, on a $2,000 balance on the purchase price of a car financed over 24 months would boost total interest payments from $220 to $240, or more than 9 percent higher.

Farmers: The USDA index of interest payable on an acre of real estate has risen from 104 in January of 1955 to 186 at the present time—a boost of four-fifths.

Loans available from the Farmers Home Administration (only when private credit is not available) have been boosted from 4 to 5 percent—one-fourth.

Cooperative credit institutions such as FCA's have had to follow the Government's lead and increase rates substantially.

Rural electrification loans are still fixed by law at 2 percent, but the administration is fighting for an increase which would double interest costs, pointing to the increased cost of Government borrowing as its reason.

NATIONAL POLICY

These are some of the hard facts involved in the current reluctance, if not refusal, of Congress to give President Eisenhower authority to boost the interest rates on most Government bonds even higher. Meanwhile, Congress has felt it necessary to let him increase the rate on ordinary savings bonds so that people will not continue to cash them in large quantities in order to

Legislative History? or
for what purpose are
you keeping these?

HISTORICAL BACKGROUND OF THE CENTRAL INTELLIGENCE AGENCY

This paper, a study of the history of the Central Intelligence Agency, including pertinent materials on World War II intelligence organizations and plans for the postwar era, has been prepared by the Office of General Counsel, Central Intelligence Agency, as an aid to the better understanding of the present structure and functions of the Agency. While the United States has engaged in intelligence activities since its founding, it was not until the events of the early 1940's showed the need for an efficient, fast-moving intelligence service, that such an organization on a governmentwide basis was conceived and developed. The results of this effort culminated in the formation of the Central Intelligence Agency.[1]

WORLD WAR II

Coordinator of Information

The events which foretold the advent of the second world war provided the impetus for forming a number of Government organizations which later served as the foundation for the United States intelligence activity during the war. By an Executive Order dated 8 September 1939, President Franklin Roosevelt provided for an office for emergency management "in the event of a national emergency" or the threat of one. Such an office was subsequently established on 25 May 1940. By an administrative order of 7 January 1941, the functions of the office were modified and further defined and included advising and assisting the President in time of emergency, coordinating emergency activities of the Government and informing the President as to the various agencies' progress in emergency matters.

Six months later, the forerunner of a centralized intelligence service was established under the Coordinator of Information. William J. Donovan was named to the position. He had authority from President Roosevelt to:

> "Collect and analyze all information and data, which may bear upon national security; to correlate such information and data, and to make such information and data available to the President and to such departments and agencies as the President may determine, and to carry out, when requested by the President, such supplementary activities as may facilitate the securing of information important for national security not now available to the Government." [2]

The Coordinator of Information was to have access to information and data within the various departments and agencies but he was not to interfere with or impair the duties and responsibilities of the President's regular military and naval advisers. To assist him, the Coordinator could appoint committees of representatives of the various departments and agencies. Colonel Donovan was to receive no compensation but was entitled to transportation subsistence and other

 14.

Insert before the 1st paragraph on page 10.

Indicative of the type of testimony leading to this comment was that given the Senate Committee on Military Affairs, by General Marshall on October 18, 1945, when he stated:

> "Intelligence relates to purpose as well as to military capacity to carry out that purpose. The point, I think, is we should know as much as we possibly can of the possible intent and the capability of any other country in the world. . . . Prior to entering the war we had little more than what a military attache could learn at a dinner, more or less, over the coffee cups. . . . Today I think we see clearly we must know what the other fellow is planning to do, in our own defense. . . . The important point is that the necessity applies equally outside of the armed forces. It includes the State Department and other functions of the Government, and it should therefore be correlated on that level." 16.

16. N.Y. Times, October 19, 1945, p.3, col. 1.

continuous coordination on a high level within the Government of our domestic, foreign and military policies, for an appropriate intelligence organization to serve both military and civilian agencies of security . . ." 17.

The postwar Congressional investigations into the Pearl Harbor disaster have been cited as one of the compelling reasons for the establishment of the Central Intelligence Agency. As a result of its investigation in December of 1946, the House Committee on Military Affairs issued "A Report On the System Currently Employed in the Collection, Evaluation and Dissemination of Intelligence Affecting the War Potential of the United States," which recognized the need for strong intelligence as the "nation's first line of defense." The Committee made nine recommendations:

Recommendation 1: That the National Intelligence Authority, established on January 22, 1946, by Presidential directive, be authorized by act of Congress. (This is designed to give the new authority a firmer base.)

Recommendation 2: That the National Intelligence Authority shall consist of the Secretaries of State, War, and the Navy, or deputies for intelligence. (The Secretaries are obviously too busy to give this highly important subject the attention it deserves.)

Recommendation 3: That the Central Intelligence Group receive its appropriations direct from the Congress. (At present the Group receives its appropriations as grants from the State Department, War Department, and the Navy Department, an unwieldly and sometimes awkward procedure.)

Recommendation 4: That the Central Intelligence Group have complete control over its own personnel. (At present the Group receives drafts from the Departments of State, War, and Navy.)

Recommendation 5: That the Director of the Central Intelligence Group be a civilian appointed for a preliminary term of 2 years and a permanent term of 10 years, at a salary of at least $12,000 a year.

(A civilian would be less subject to the control or criticism of any military establishment, less likely to have ambitions in another direction, would be more in keeping with American tradition, would be more symbolic of the politico-military nature of the problem posed by intelligence in peacetime; furthermore, there is nothing to keep a qualified Army or Navy officer from accepting the post in civilian clothes, and there is every desire, by setting the tenure of office at 10 years and making the salary substantial, to make the post attractive to one who has learned intelligence thoroughly in the Army, Navy, or Foreign Service of the State Department. Continuity of service is recognized as very important.)

Recommendation 6: That the Director of the Central Intelligence Group be appointed by the President, by and with the consent of the Senate.

17. S. Rep. No. 229 80th Cong., 1st Sess. (1947)
18. 16. [illegible]
19. 17. H.R. Rep. No. 2734, 79th Cong., 2d Sess. (1946)

Recommendation 7: That the Director of Central Intelligence shall (1) accomplish the correlation and evaluation of intelligence relating to the national security, and the appropriate dissemination within the Government of the resulting strategic and national policy intelligence, and in so doing making full use of the staff and facilities of the intelligence agencies already existing in the various Government departments; (2) plan for the coordination of such of the activities of the intelligence agencies of the various Government departments as relate to the national security and recommend to the National Intelligence Authority the establishment of such over-all policies and objectives as will assure the most effective accomplishment of the national intelligence mission; (3) perform, for the benefit of said intelligence agencies, such services of common concern related directly to coordination, correlation, evaluation, and dissemination as the National Intelligence Authority shall determine can be more efficiently accomplished centrally; (4) perform such other similar functions and duties related to intelligence affecting the national security as the Congress and the National Intelligence Authority may from time to time direct. It is specifically understood that the Director of Central Intelligence shall not undertake operations for the collection of intelligence.

(This paragraph is intended to enable the Central Intelligence Group to concentrate on the analysis and evaluation of high-level intelligence for the President and others who have to determine national policy. One should not remove any intelligence operation from the agencies where day-to-day policies and decisions have to be made; the collection and basic analysis in each field of intelligence should be assigned to the agency having primary responsibility in that field.)

Recommendation 8: That Paragraphs 2, 4, 5, 6, 7, 8, 9, and 10 of the Presidential directive of January 22, 1946, relating to the establishment of a National Intelligence Authority be enacted into law, with such revisions in wording as may seem necessary.

(The President's directive was carefully prepared and had at the time of its publication, the support of the interested agencies.)

Recommendation 9: That the Army be requested sympathetically to examine further the question of the establishment of an Intelligence Corps for the training, development, and assignment of especially qualified officers.

In July 1946, a draft of enabling legislation for a proposed Central Intelligence Agency (CIA) was sent to the White House by the Central Intelligence Group. It called for a National Intelligence Authority (NIA) consisting of the Secretaries of State, War, and Navy, a personal representative of the President and the "Director of the Central Intelligence Agency" as a non-voting member. The NIA was to supervise the activities of CIA. It was

provided that CIA was to be established "with a Director who shall be the head thereof." In December a more detailed and comprehensive draft was submitted to the White House which reflected the experience gained after 10 months of operation under the 22 January 1946 Executive Order.

In proposing this legislation CIG attempted to overcome the unworkable features of its charter, one of the most glaring of which was the necessity for CIG to obtain personnel from the State, War and Navy Departments. It was not until well into the summer of 1946 that arrangements were made for CIG to hire personnel directly. Budgetary problems also were very difficult to handle until agreement was reached which established a working fund at the disposal of the CIG. Fortunately for CIG all of the departments and agencies of the Government and particularly the Bureau of the Budget, the General Accounting Office and the State, War, Navy and Treasury Departments, were quick to realize the special administrative problems which arose in the administration and operations of an intelligence agency. They made possible the arrangements which enabled the agency to operate. However, the manner of administrative and logistical support was always considered to be of a temporary nature pending the passage of some form of military unification legislation.

One of the drafts of enabling legislation had incorporated the term "with a Director of Central Intelligence who shall be the head thereof." This particular wording was the same as the terminology in the 22 January directive. Its apparent purpose was to create a post to be filled by an official, responsible for the centralized intelligence functions for the entire Federal Government, with an intelligence agency to assist him.

In January 1947, at the time this proposed legislation was being studied at the White House, President Truman announced that the War and Navy Departments had agreed on a legislative program for unification of the armed services. Shortly thereafter, a serious effort was made to draft unification legislation for submission to Congress. A team consisting of Vice Admiral Forrest Sherman, Major General Lauris Norstad and Charles Murphy, Administrative Assistant to the President, was selected to write the White House version of the National Defense Act of 1947.

The draft which resulted made the CIA the coordinating agency for intelligence, apparently adapting to the intelligence field the example made in earlier military unification proposals, which envisioned a single defense organization to which was attached a number of coordinating agencies, some for inter-military departmental coordination, and others for military-civilian coordination.

The team did not include in their draft many of the more controversial proposals contained in the December CIG draft, probably because of anticipated difficulties in getting them through Congress. Instead, they sought simply to lay down the broad framework of a central intelligence service upon which the detailed organization could later be developed.